

6

CHAPTER



Delegation of Authority



LEARNING OBJECTIVE

Through this chapter the students can learn about the following:

- To understand the meaning of delegation
- To study in detail the Principles of delegation
- To know about the process of delegation
- To study in detail the various types of departmentation



CONTENT

6.1 Introduction

6.2 Meaning

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6.1 Introduction

Delegation is the act of assigning formal authority and responsibility for completion of specific activity given to a subordinate. It is necessary for the efficient functioning of any organisation, because no manager

can personally accomplish whatever he is to achieve or supervise and monitor that is going on in an organisation at a given point of time. The manager must delegate some of the simple and more routine tasks to his subordinates so that he can

devote more time to more complex and non routine activities of the organisation. The act of delegation not only saves time for the superior to invest more time in complex problems, it also enhances the capability of the subordinates as well.

6.2 Meaning

Delegation is simply a matter of assigning a part of work by the superior to his subordinate which the superior does not have the time to do it. One individual cannot perform all the activities in an organisation, so the authority and responsibility is shared with someone. Delegation refers to sharing of authority and responsibility, in delegation the task to be performed are identified and assigned it to the subordinates.

6.3 Definition

F.G. More, “Delegation means assigning work to others and giving them authority to do it”. According to **O.S. Hiner** defines, “Delegation takes place when one person gives another the right to perform work on his behalf and in his name, and the second person accepts a corresponding duty or obligation to do what is required of him”.

6.4 Principles of Delegation

- 1. Principles of Result Expected:** Before delegating the authority to the subordinate, the manager must know the purpose of such delegation and the results expected from it. The goals, targets and the standard of performance must be clearly defined to direct the actions of the subordinate towards the accomplishment of goal.
- 2. Principles of Parity of Authority and Responsibility:** This principle

states that the responsibility and the authority co-exists. This means, if the subordinate is assigned certain responsibility, he must be given same level of authority i.e. power to perform his responsibility. Thus, both the responsibility and the authority shall be clearly defined to the subordinate, so that he knows what he is required to do within the powers delegated to him.

- 3. Principles of Unity of Command:** According to this principles, every subordinate should have a single supervisor from whom he gets the authority and to whom he is solely accountable.
- 4. Principles of Absoluteness of Responsibility:** This principle asserts that responsibility cannot be delegated. In other words, whatever actions being taken by the subordinate, the manager will be accountable to his senior. Thus, the responsibility is absolute and remains with the superior.
- 5. The Scalar Principle:** There are clear lines of authority in the organisation, i.e. who is under whom. This helps the subordinate to know, who delegates the authority to him and to whom he shall be accountable, also to whom he shall contact in case things are beyond his control.
- 6. Principle of Exception:** According to this principles, the subordinate shall be given complete freedom to perform his responsibilities under the purview of his authority. The manager should not interfere in between his work and must allow him to do even if he commits mistakes. But in some exceptional cases, the managers can interfere and even withdraw the authority delegated to the subordinate



6.5 Characteristics of Delegation of Authority

1. Delegation takes place when a manager grants some of his power to subordinates.
2. Delegation occurs only when the person delegating the authority himself has that authority i.e. a manager must possess what he wants to delegate.
3. Only a part of authority is delegated to subordinates.
4. A manager delegating authority can reduce, enhance or take it back. He exercises full control over the activities of the subordinates even after delegation.
5. Only the authority can be delegated and not the responsibility. A manager cannot abdicate responsibility by delegating authority to subordinates.

6.6 Steps in Delegation

The following steps may be taken for effective delegation -

1. **Allocation of duties:** The Delegator communicates his subordinate regarding the task to be performed. The resources should be provided and the time limit should be informed. The superior can ask the subordinate to prepare his own plan for performing the task.
2. **Delegation of Authority:** To perform the task authority is required. Authority is the right granted to the employee to perform the task. For eg: Sales manager is responsible for advertisement, sales promotion etc. for that he must be delegated with the authority to do the necessary activities.
3. **Assignment of Responsibilities:** When authority is delegated he must

be assigned with responsibility. That is when one is given rights one must also be assigned a corresponding obligation to perform. Responsibility cannot be delegated. A manager should operate responsibility equal to the delegated authority.

4. **Creation of Accountability:** To complete the delegation process the manager must create accountability, that is subordinates must be answerable for the duties which they have carried out.

6.7 Meaning of Centralization and Decentralization

Centralization refers to the degree to which decision-making process is concentrated at a single point in the organization. If top management makes all the important decisions in the organization with little or no input from the lower level employees, then the organization is said to be a highly centralized organization. In contrast, if the organization encourages lower level personnel to participate in the decision making process and allows a greater amount of discretion, the organization is called a decentralized organization.

It is however, to be noted that the concept of centralization - decentralization is relative and not an absolute one. No organization can be labeled as totally centralized or decentralized. It can perhaps be best understood if we consider that an organization may lie along a continuum with centralization at one end and decentralization at the other extreme. Thus, an organization may be relatively centralized or decentralized in its ways of functioning and operations. The table below summarizes the factors determining the amount of centralization-decentralization of an organization.

Factors determining the amount of centralisation – decentralisation

Centralisation	Decentralisation
Centralization is more appropriate in stable environmental conditions.	If the environment is complex and uncertain the organization requires a greater amount of decentralization.
If the lower level managers are not very competent or experienced enough to take decisions, organizations tend to prefer centralization.	If the lower level managers are competent enough to make the decisions, organizations will benefit from decentralization.
If the lower level managers are not particularly interested in having their say in the decision-making process, it is better to follow centralization.	If the lower level managers are keen in taking part in the decision-making processes, it is advisable to opt for decentralized pattern.
Centralization is needed if the decisions to be taken are significant ones.	For relatively minor decisions, organizations may resort to decentralization.
If the organization faces a risk or threat, it relies more on centralized policies.	For centralization to be effectively practiced, the organizational culture must be more open and trusting.
To run a big organization effectively, centralization is required.	If the organization is a multi-located one with branches at different geographical locations a greater amount of decentralization is required.
It depends largely on the mindset of the people. If the managers believe in having a tighter control over the happenings in an organization, the practice of centralization will prevail.	If, on the contrary, managers are more flexible in their attitude, a decentralization policy will prevail.

6.8 Meaning of Departmentation

‘Departmentation’ or ‘Departmentalisation’ is the process of grouping the activities of an enterprise into several units for the purpose of administration at all levels.

The administrative units so created may be designated as departments, divisions, units, branches, sections, etc. The process of organising consists of dividing and grouping of the works to be done in an enterprise and assigning different duties and responsibilities to different people.

6.9 Types of Departmentation

6.7.2 Types of Departmentation

There are several bases of Departmentation. The more commonly used bases are—function, product, territory, process, customer, time etc.

These are explained below:

(A) Departmentation by Functions:

The enterprise may be divided into departments on the basis of functions like production, purchasing, sales, financing, personnel etc. This is the most popular

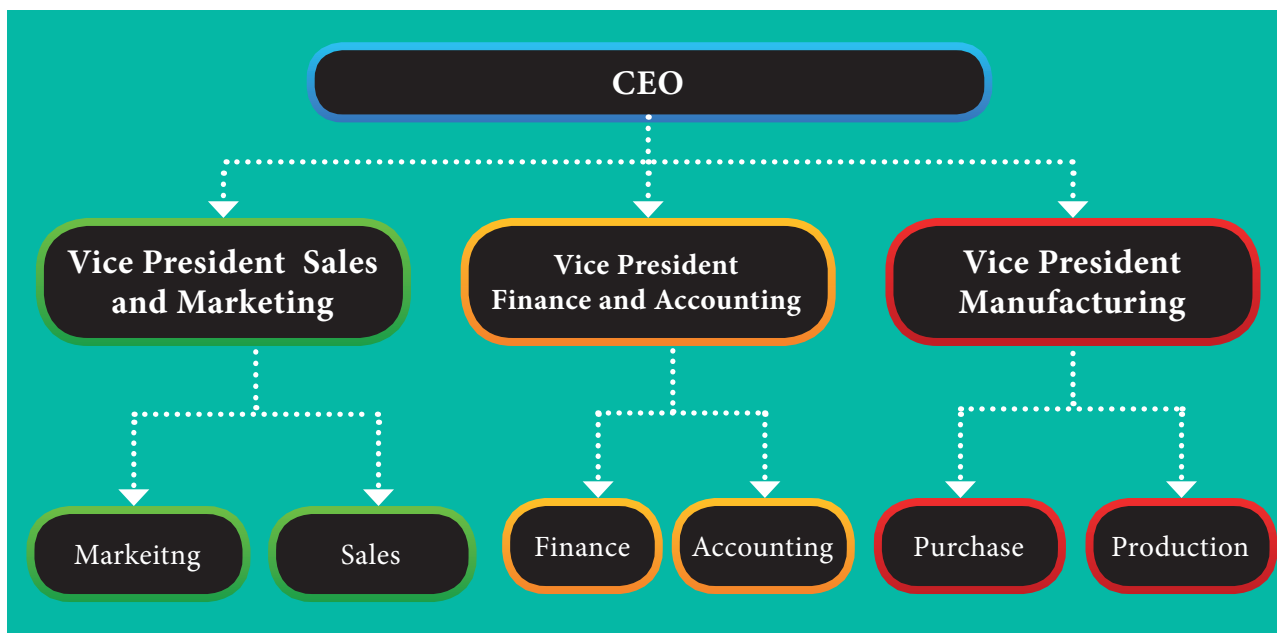


Figure 6.1 Departmentation by Functions

basis of departmentation. If necessary, a major function may be divided into sub-functions. For example, the activities in the production department may be classified into quality control, processing of materials, and repairs and maintenance.

Advantages:

The advantages of functional departmentation include the following:

1. It is the most logical and natural form of departmentation.
2. It ensures the performance of all activities necessary for achieving the organisational objectives.
3. It provides occupational specialisation which makes optimum utilisation of manpower.
4. It facilitates delegation of authority.
5. It enables the top managers to exercise effective control over a limited number of functions.
6. It eliminates duplication of activities.

7. It simplifies training because the managers are experts only in a narrow range of skills.

Disadvantages:

There are some problems associated with functional departmentation. These are mentioned below:

1. There may be conflicts between departments.
2. The scope for management development is limited. Functional managers do not get training for top management positions. The responsibility for results cannot be fixed on any one functional head.
3. There is too much emphasis on specialization.
4. There may be difficulties in coordinating the activities of different departments.
5. There may be inflexibility and complexity of operations.

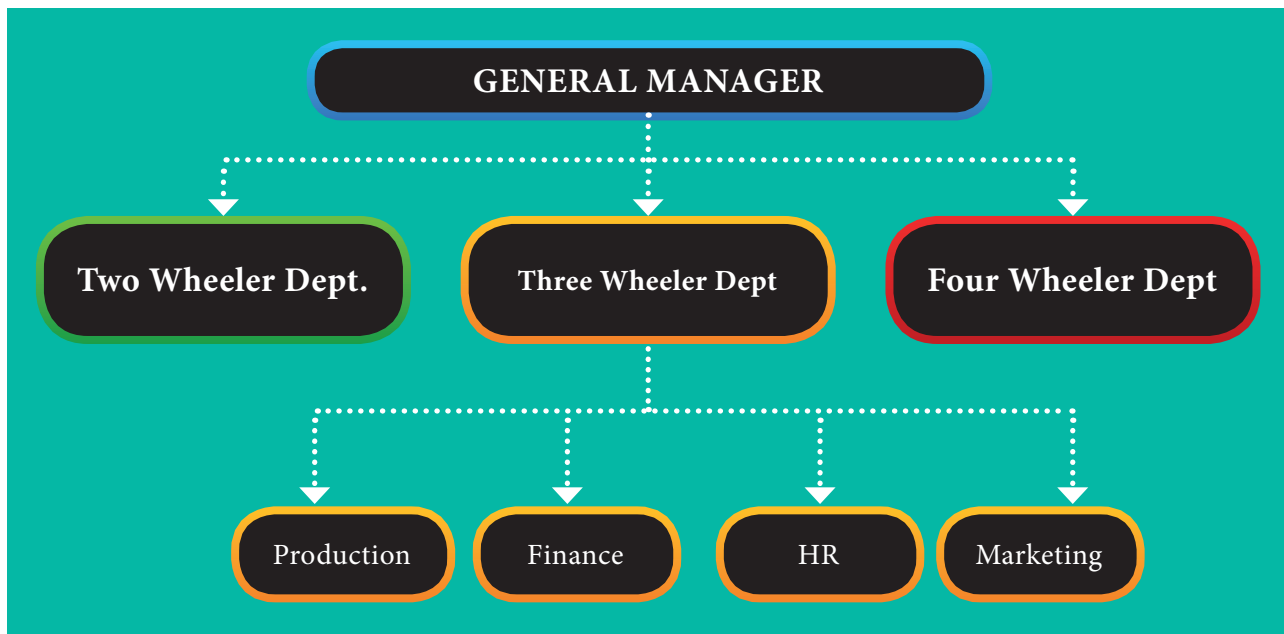


Figure 6.2 Departmentation by Products

(B) Departmentation by Products:

In product departmentation, every major product is organized as a separate department. Each department looks after the production, sales and financing of one product. Product departmentation is useful when the expansion, diversification, manufacturing and marketing characteristics of each product are primarily significant.

It is generally used when the production line is complex and diverse requiring specialized knowledge and huge capital is required for plant, equipment and other facilities such as in automobile and electronic industries.

In fact, many large companies are diversifying in different fields and they prefer product departmentation. For example, a big company with a diversified product line may have three product divisions, one each for plastics, chemicals, and metals. Each division may be subdivided into production, sales, financing, and personnel activities.

Advantages:

Product departmentation provides several advantages which may be stated as follows:

1. Product departmentation focuses individual attention to each product line which facilitates the expansion and diversification of the products.
2. It ensures full use of specialized production facilities. Personal skill and specialized knowledge of the production managers can be fully utilized.
3. The production managers can be held accountable for the profitability of each product. Each product division is semi-autonomous and contains different functions. So, product departmentation provides an excellent training facility for the top managers.
4. The performance of each product division and its contribution to total results can be easily evaluated.
5. It is more flexible and adaptable to change.

Disadvantages:

Product departmentation presents some problems as follows:

1. It creates the problem of effective control over the product divisions by the top managers.
2. Each production manager asserts his autonomy disregarding the interests of the organisation.
3. The advantages of centralization of certain activities like financing, and accounting are not available.
4. There is duplication of physical facilities and functions. Each product division maintains its own specialized personnel due to which operating costs may be high.
5. There may be under-utilization of plant capacity when the demand for a particular product is not adequate.

(C) Departmentation by Territory:

Territorial or geographical departmentation is specially useful to large-scale enterprises whose activities are widely dispersed. Banks, insurance companies, transport companies, distribution agencies etc, are some examples of such enterprises, where all the activities of a given area of operations are grouped into zones, branches, divisions etc.

It is obviously not possible for one functional manager to manage efficiently such widely spread activities. This makes

it necessary to appoint regional managers for different regions.

Advantages:

Territorial departmentation offers certain facilities in operation. These are pointed out below:

1. Every regional manager can specialize himself in the peculiar problems of his region.
2. It facilitates the expansion of business to various regions.
3. It helps in achieving the benefits of local operations. The local managers are more familiar with the local customs, preferences, styles, fashion, etc. The enterprise can gain intimate knowledge of the conditions in the local markets.
4. It results in savings in freight, rents, and labor costs. It also saves time.
5. There is better co-ordination of activities in a locality through setting up regional divisions.
6. It provides adequate autonomy to each regional manager and opportunity to train him as he looks after the entire operation of a unit.

Disadvantages:

Territorial departmentation have the following problems:

1. There is the problem of communication.

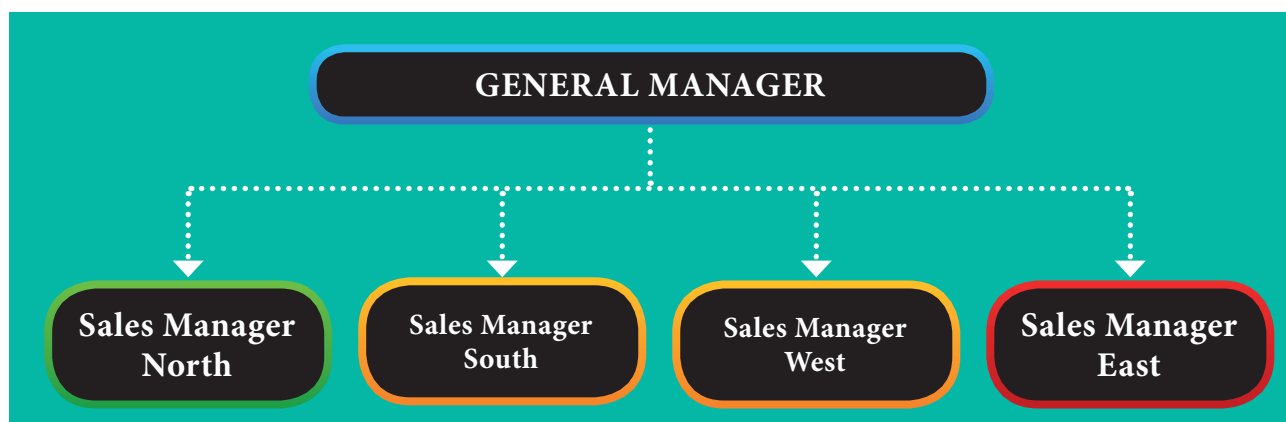


Figure 6.3 Departmentation by Territory

2. It requires more managers with general managerial abilities. Such managers may not be always available.
3. There may be conflict between the regional managers.
4. Co-ordination and control of different branches from the head office become less effective.
5. Owing to duplication of physical facilities, costs of operation are usually high.
6. There is multiplication of personnel, accounting and other services at the regional level.

(D) Departmentation by Customers:

In such method of departmentation, the activities are grouped according to the type of customers. For example, a large cloth store may be divided into wholesale, retail, and export divisions. This type of departmentation is useful for the enterprises which sell a product or service to a number of clearly defined customer groups. For instance, a large readymade garment store may have a separate department each for men, women, and children. A bank may have separate loan departments for large-scale and small-scale businessmen.

The organisation chart of customer-oriented departmentation may appear as follows:

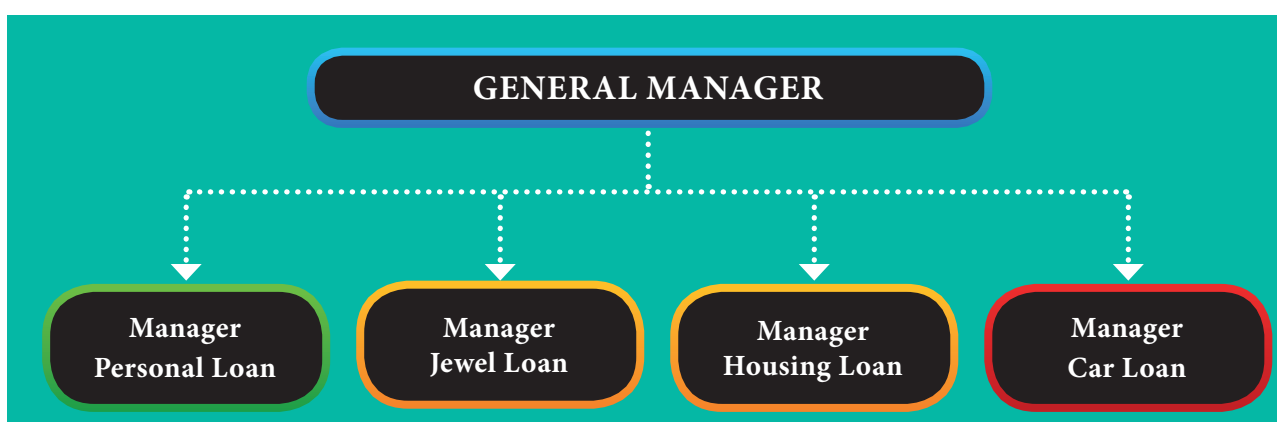


Figure 6.4 Departmentation by Customers

Advantages:

The important advantages of customer departmentation are the following:

1. Special attention can be given to the particular tastes and preferences of each type of customer.
2. Different types of customers can be satisfied, easily through specialized staff. Customers' satisfaction enhances the goodwill and sale of the enterprise.
3. The benefits of specialization can be gained.
4. The enterprise may acquire intimate knowledge of the needs of each category of customers.

Disadvantages:

This method of departmentation may have certain disadvantages, specially when it is followed very rigidly. These are as follows:

1. Co-ordination between sales and other functions becomes difficult because this method can be followed only in marketing division.
2. There may be under-utilization of facilities and manpower in some departments, particularly during the period of low demand.
3. It may lead to duplication of activities and heavy overheads.
4. The managers of customer departments may put pressures for special benefits and facilities.

(E) Departmentation by Process or Equipment:

In such type of departmentation the activities are grouped on the basis of production processes involved or equipment used. This is generally used in manufacturing and distribution enterprises and at lower levels of organisation. For instance, a textile mill may be organised into ginning, spinning, weaving, dyeing and finishing departments. Similarly, a printing press may have composing, proof reading, printing and binding departments. Such departmentation may also be employed in engineering and oil industries.

Advantages:

The basic object of such departmentation is to achieve efficiency and economy of operations. The processes are set in such a way that a series of operations is feasible making operations economic. Efficiency can be achieved if departments are created for each process as each one has its peculiarities.

It provides the advantages of specialization required at each level of the total processes. The maintenance of plant can be done in better way and manpower can be utilized effectively.

Disadvantages:

In such departmentation, there may be difficulty in coordinating the different process-departments, because the work of each process depends fully on the preceding process. So, there are chances of conflicts among the managers looking after the different processes. It cannot be used where manufacturing activity does not involve distinct processes.

(F) Departmentation by Time and Numbers:

Under this method of departmentation the activities are grouped on the basis of the time of their performance. For instance, a factory operating 24 hours may have three departments for three shifts—one for the morning, the second for the day, and the third for the night.

In the case of departmentation by numbers, the activities are grouped on the basis of their performance by a certain number of persons. For instance, in the army, the soldiers are grouped into squads, companies, battalions, regiments and brigades on the basis of the number prescribed for each unit.

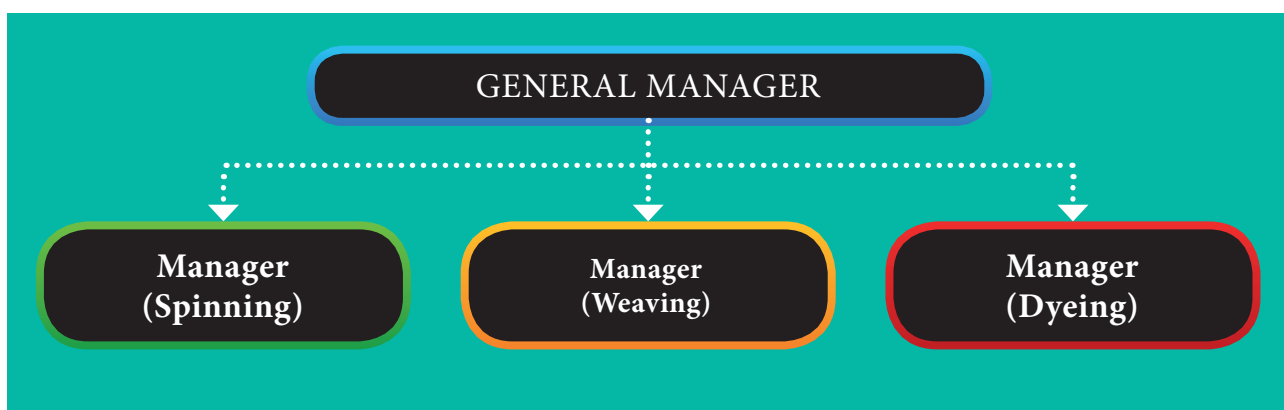


Figure 6.5 Departmentation by Process or Equipment

Such type of departmentation is useful where the work is repetitive, manpower is an important factor, group efforts are more significant than individual efforts, and group performance can be measured. It is used at the lowest level of organisation.



In India the Prime minister is the supreme decision maker. At the same time the decision making authority is divided among various union ministers for several departments such as Finance Minister for finance ministry and Higher Education Minister for education etc.

We have several departments in our Tamil Nadu government which looks after the effective functioning of the state. Every department is independent and also interdependent. At present we have 40 various departments providing various services to the people.

GLOSSARY

Delegation	Delegation is the dispersal of authority by a superior to this subordinate to accomplish the assigned tasks.
Devolution	It is defined as transfer of power from higher to lower units of an administrative system.
Deconcentration	It means assignment of certain functions to agent of central or state government in the field in order to lesser their workload and for better administration.
Decentralization	Means assignment of certain functions to agent of central or state government in the field in order to lesser their worked and for better administration.

QUESTIONS

PART- A

Objective type Questions (1 Mark)

Choose the correct answer:

- _____ refers to the degree to which decision-making process is concentrated at a single point in the organization.
 - Centralization
 - Decentralization
 - Manager
 - Authority.
- Grouping the jobs in some logical way _____.
 - Department
 - Branch
 - Formal
 - Informal.



- The enterprise which divides the department on the basis of functions like production, purchasing, sales, financing, personnel is known as _____.
 - Centralization
 - Decentralization
 - Function Department
 - Personal Department
- Delegation is the act of assigning authority and _____.
 - Responsibility
 - Centralization
 - Span of control
 - Committee.
- A factory operating 24 hours will work for _____ shifts.
 - One
 - Two
 - Three
 - Four

PART –B

Very Short Answer (3 Marks)

Answer in Five lines:

1. Write short note Functional department.
2. What is meant by delegation?
3. Define authority.
4. Define Centralisation.
5. What is meant by Decentralisation?
6. On what basis Department can be classified?

PART- C

Short Answer (5Marks)

Answer in one page:

1. What is departmentalization?
2. What do you mean by delegation of authority?
3. What is mean by Departmentation by Customer? Write its merits and demerits.
4. Write any steps in delegation.

5. What is meant by centralization? Which type of organisation will be beneficial by following Centralization?

PART- D

Essay type Questions (10Marks)

Answer within three pages:

1. Explain the principles of delegation.
2. Explain the difference between centralization and decentralization.
3. Discuss the various types of departmentalization.

Activity

Teachers Activity:

1. Take students to an office and expose them.
2. Must give assignment.

Students Activity:

1. Arrange debate and group discussion about the concept of delegation of authority.

REFERENCE:

1. Principles of Management, Tata McGraw- Hill Publishing Company Ltd.

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